



Georgia-Pacific Corporation 133 Peachtree Street, N.E. (30303)
P.O. Box 105605
Atlanta, Georgia 30348-5605
Telephone (404) 521-4000

April 20, 1988

RECEIVED
APR 25 1988
DIVISION OF
OIL, GAS & MINING

Mr. Lowell Braxton
Administrator-Mineral Resource Development
& Reclamation Program, State of Utah
Natural Resources
355 W. North Temple, 3 Triad Center Suite 350
Salt Lake City, Utah 84180-1203

RE: RECLAMATION BOND, M/041/009 GEORGIA-PACIFIC GYPSUM QUARRYS
SEVIER COUNTY, UTAH

With reference to your letter to Mr. Corkill of February 12, 1988, and to our telephone conversation on Friday, April 15, 1988, we are enclosing a Self Bonding and Indemnity Agreement as provided by the Surety Policy--Minerals Program Division of Oil, Gas and Mining dated November 11, 1987.

We have elected to provide a self bonding amount of \$122,100 for the projected life of the mine as indicated in your February 12th letter. We understand that this will be reviewed and adjusted by your division as necessary. The Self Bonding and Indemnity Agreement has been executed by Mr. John F. McGovern, Vice President-Finance, Georgia-Pacific Corporation. Please return one signed copy of the agreement to my attention.

We are also enclosing a "Self Bonding Qualification Sheet" and a copy of the Georgia-Pacific Corporation 1987 Annual Report. This report has a statement of income for the years 1985, 1986 and 1987, and balance sheets for the years ended December 31, 1986 and 1987. On Page 25 of the report, you will find five year selected financial data. *in bonding file FF*

We trust you will find all of this information to be in order for referral to your Board, and we look forward to your advice that the Self Bonding Agreement satisfies the requirements of the State of Utah.

Sincerely,

D. W. Lindstedt
Assistant Treasurer

DWL/hc

Enclosures

cc: D. R. Moody - G-P Atlanta, GA - G-21
D. C. Corkill - G-P Sigurd, UT

(August 1986)

NONCOAL

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement (hereinafter referred to as "Agreement") entered into by GEORGIA-PACIFIC CORPORATION (hereinafter referred to as the "Operator") and the state of Utah, Department of Natural Resources, Board of Oil, Gas and Mining (hereinafter referred to as "Board"),

WITNESSETH

WHEREAS, the Operator has obtained Permit No. M/041/009 from the Division of Oil, Gas and Mining to operate the G-P SIGURD Mine in Sevier County, Utah as a(n) Gypsum mine under the Mined Land Reclamation Act, Utah Code Annotated, 40-8-1 et seq, 1953, as amended ("Act") and implementing regulations; on the premises specifically described in EXHIBIT A; and

WHEREAS, the Operator wishes to obtain a bond to operate the G-P SIGURD mine under Permit No. M/041/009 under 40-8-14(3); and

WHEREAS, the Operator has designated

C T CORPORATION SYSTEM

(Name, Title, Address)

170 S. Main Street, Salt Lake City, Utah 84111

as its agent for Service of Process in the state of Utah, and

WHEREAS, the Operator has been in continuous operation as a business entity for the last five years; and

WHEREAS, the Operator meets financial criteria for self bonding (as shown in the attached financial sheet); and

WHEREAS, the Operator has submitted to the Division of Oil, Gas and Mining and Board of Oil, Gas and Mining financial statements which are accompanied by an audit opinion prepared by ARTHUR

ANDERSEN & CO. (Accountant's Name)

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Operator does hereby agree to be held and bonds to the Board for the sum of \$122,100
(year dollars) for the timely performance of reclamation responsibilities for G-P SIGURD Mine, Permit No. M/041/009 in lawful money of the United States. By the submission of this Agreement, the Operator will and truly binds itself, its successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

1. The Operator shall perform all duties and fulfill all requirements applicable to reclamation as set forth in the Act, the regulations adopted pursuant to the Act and the

conditions of the permit to conduct Gypsum
mining operations, Permit No. M/041/009 issued
by the Division.

2. The liability under the Agreement is conditioned upon successful reclamation of the permit area as provided in the reclamation plan for Permit No. M/041/009 for a period of time and in the manner specified in the Act, regulations adopted pursuant thereto, and the conditions set forth in Permit No. M/041/009 issued by the Division. At no time shall the liability or responsibility of the Operator hereunder exceed the sum of \$122,100. Provided, however, that the Board may adjust the amount of liability hereunder as provided in Section 6 hereof.
3. GEORGIA-PACIFIC CORPORATION does hereby agree to indemnify and hold the Board harmless from any claim, demand, liability costs, charge or suit brought by a third party, as a result of the Operator's failure to abide by the terms and conditions of the Reclamation Plan as set forth in the mining Permit No. M/041/009 and from any failure to comply with the terms of the Agreement.
4. The Board shall give the Operator, or its designated agent herein, notice of any claim and any legal proceedings within the scope of the indemnity set forth at Section 3.

5. Upon successful completion of part or all of the obligations secured hereby, the Operator may petition the Board for a final release of part or all of the obligations under this Agreement. Upon such petition, the Division of Oil, Gas and Mining shall conduct an inspection to ascertain whether duties and obligations of the Operator under the Act, regulations adopted pursuant thereto and Permit No. M/041/009 _____ have been fulfilled. If such duties and obligations have been fulfilled, the Board shall release the Operator from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Sevier County, Utah.
6. This Agreement shall be reviewed periodically by the Division of Oil, Gas and Mining, or reviewed upon petition by the Operator in accordance with the Act and implementing regulations and the amount of liability under this Agreement may be adjusted if the Division determines that the cost of future reclamation has materially changed.
7. This Agreement may be terminated upon 90 days prior written notice to the Board if terminated by the Operator or upon 90 days prior written notice to the Operator if terminated by the Board.

Upon such written notification, the Operator will have 90 days to obtain an alternate form of bond satisfactory to the Division to secure reclamation obligations for Permit No. M/041/009 in the same amount as stated herein and amendments thereto.

8. Failure to provide a satisfactory alternative form of bond will result in the complete cessation of all mining operations and the complete reclamation of all disturbed areas within the G-P SIGURD Mine permit area.
9. Any breach of the provisions of paragraph #8 of this agreement will result in the payment of \$ 122,100 (bond amount) in liquidated damages to the Division.
10. This agreement will be governed and interpreted according to Utah law.

SO AGREED this 20 day of April, 19 88.

GEORGIA-PACIFIC CORPORATION

4-20-88
Date

4-20-88
Date

By John F. McGovern 022
John F. McGovern, Vice President-
Finance CRM

By Don W. Lindstedt
Don W. Lindstedt, Assistant Treasurer

STATE of UTAH
DEPARTMENT OF NATURAL RESOURCES
Board of Oil, Gas and Mining

Date _____

By _____

Gregory P. Williams, Esq.
Chairman

APPROVED AS TO FORM:

Assistant Attorney General

STATE OF GEORGIA)
COUNTY OF FULTON) ss:

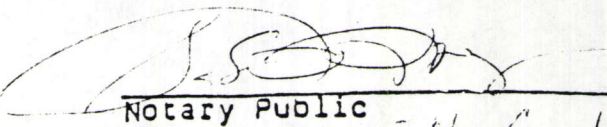
On the 20th day of APRIL, 1988, personally appeared before me JOHN F. MCGOVERN and DON W. LINDSTEDT who being by me duly sworn did say that he/she, the said _____
JOHN F. MCGOVERN is the VICE PRESIDENT of _____
GEORGIA-PACIFIC CORPORATION and said DON W. LINDSTEDT is the ASSISTANT TREASURER of GEORGIA-PACIFIC CORPORATION. and said instrument was signed in behalf of said corporation by authority of its bylaws or a resolution of its board of directors and said JOHN F. MCGOVERN and DON W. LINDSTEDT duly acknowledged to me that said corporation executed the same.

Notary Public
Residing at: _____

My Commission Expires:

STATE OF Georgia)
COUNTY OF Fulton) ss:

On the 20th day of April, 1988, personally appeared before me Gregory P. Williams, Esq., who being by me duly sworn did say for him, that he, the said Gregory P. Williams, Esq. is the Chairman of the Board of Oil, Gas and Mining, Department of Natural Resources, state of Utah, and he duly acknowledged to me that said Board executed the foregoing document by authority of law on behalf of the state of Utah.



Notary Public
Residing at: Fulton County, GA

My Commission Expires:

Notary Public, DeKalb County, Georgia
My Commission Expires March 15, 1992

NONCOAL
(August 1985)

Mine Name G-P Sigurd
Permit No. M/041/009
Date _____
Checked By _____

SELF BONDING QUALIFICATION SHEET

Applicant Required to Meet One of the Following Criteria:

1. Current rating for most recent bond issuance ("A" or higher) (Moody's Investor Service or Standard and Poor's Corporation)

A2 Moody's
A Standard & Poor's Corp.

or

2.

- A. Tangible Net Worth = (at least \$10 million) (Net worth minus intangibles [Goodwill and rights to patents or royalties])

\$2,680,000,000

- B. Total Liabilities/Net Worth = Obligations to transfer to other assets or provide services to other entities/Total assets minus total liabilities and is equivalent to owner's equity (2.5 times or less).

1.19 To 1

- C. Current Assets/Current Liabilities = Cash or other assets or resources which are reasonably expected to be converted to cash or sold or consumed within one year/Obligations which are reasonably expected to be paid or liquidated within one year (1.2 times or greater).

1.74 To 1

Reference: CA - 1729 Millions

CL - 996 Millions

or

3.

- A. Fixed assets in the United States (at least \$20 million) =

\$3,963,000,000

B. Total Liabilities/Net Worth
(2.5 times or less) =

1.19 To 1

Current Assets/Current
Liabilities (1.2 times or
greater) =

1.74 To 1

Reference: _____

Suitable agent (resident within the state of Utah)

C. T. Corporation System
170 S. Main Street
Salt Lake City, Utah 84111

Seen in continuous operation of not less than five (5) years
(immediately preceding the time of application) (submitted five
annual reports--Yes x No)

(i) Financial statements prepared by an independent certified
public accountant in conformity with generally accepted accounting
principles. Yes x No

(ii) Unaudited financial statements for completed quarters in
the current fiscal year. Yes No x

We can provide quarterly Financial Statements if required.

(iii) Additional unaudited information as requested by the
Division.